



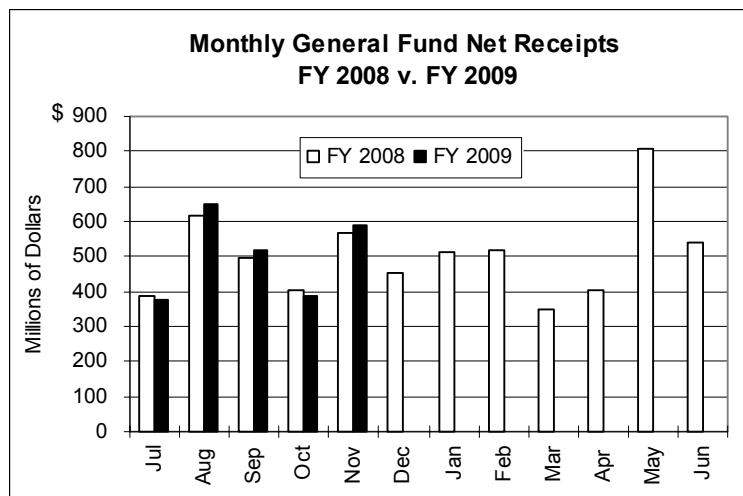
TO: Members of the Iowa Senate and
 Members of the Iowa House of Representatives

FROM: Jeff Robinson and Shawn Snyder

DATE: December 1, 2008

Monthly General Fund Receipts through November 30, 2008

The attached spreadsheet presents total FY 2009 General Fund total net receipts with comparable figures for actual FY 2008. The figures can be compared to the FY 2009 estimate of \$6.090 billion set by the Revenue Estimating Conference (REC) on October 9, 2008. The FY 2009 estimate is an increase of \$70.4 million (1.2%) compared to actual FY 2008 total net receipts (excludes transfers). The next REC meeting is scheduled for December 12.



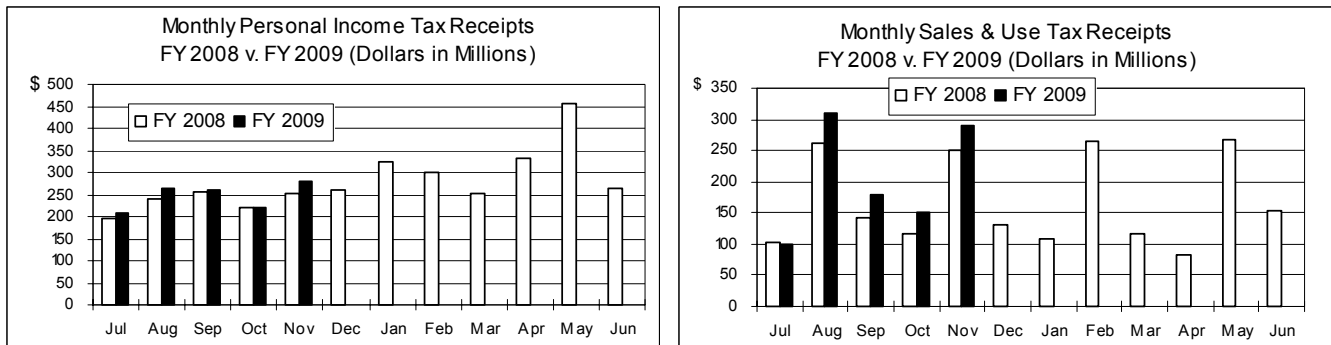
FY 2009 Compared to FY 2008

Year-to-date FY 2009 total net receipts (excluding transfers) increased \$43.1 million (1.7%) compared to FY 2008. Major sources contributing to the FY 2009 change include:

- Personal Income Tax (positive \$67.2 million, 5.8%)
- Sales/Use Tax (positive \$154.5 million, 17.7%)
- Corporate Tax (negative \$32.6 million, - 19.4%)
- Other taxes (positive \$0.3 million, 0.1%)
- Other receipts (positive \$8.4 million, 4.6%)
- Tax refunds not including School Infrastructure refunds (negative \$39.5 million, 30.4%)
- School Infrastructure Sales/Use Tax refunds (negative \$114.9 million)

Personal Income Tax revenues received in November totaled \$281.6 million, an increase of \$29.5 million (11.7%) compared to November 2007.

The FY 2009 REC Income Tax estimate of \$3.453 billion represents a projected increase of 2.8% compared to actual FY 2008. Through November, total Income Tax receipts increased by 5.8%. By subcategory, withholding payments increased \$61.0 million (6.2%), estimate payments increased \$6.1 million (4.5%), and payments with returns decreased \$0.1 million (0.28%). The following chart compares FY 2009 monthly Income Tax receipts from the three Personal Income Tax subcategories with FY 2008.



Sales/Use Tax receipts received in November totaled \$290.0 million, an increase of \$39.7 million (15.9%) compared to November 2007. The State Sales/Use Tax was increased from 5.0% to 6.0% beginning July 1, 2008, with the increase replacing the School Infrastructure Local Option (SILO) sales tax. Beginning in August, Sales/Use gross tax receipts were no longer adjusted for SILO sales tax payments to school districts. This adjustment accounted for \$28.4 million of the increase in November.

The REC estimate for FY 2009 Sales/Use Tax receipts is \$2.459 billion, an increase of 22.9% compared to actual FY 2008. Through November, total gross Sales/Use Tax receipts have increased 17.7%. The preceding chart compares FY 2009 monthly Sales/Use Tax receipts with FY 2008.

Corporate Tax receipts received in November totaled \$17.7 million, a decrease of \$13.3 million (- 42.9%) compared to November 2007.

The REC estimate for FY 2009 Corporate Tax revenue is \$437.1 million, a decrease of 9.7% compared to actual FY 2008. Year-to-date total Corporate Tax revenue has decreased 19.4%.

Other tax receipts received in November totaled \$26.5 million, a decrease of \$5.7 million (- 17.7%) compared to November 2007. Inheritance and Cigarette Tax receipts declined for the month.

The REC estimate for other tax revenue is \$488.4 million, a decrease of 1.1% compared to actual FY 2008. Through November, other tax revenue has increased 0.1%.

Other receipts (non-tax receipts) received in November totaled \$31.3 million, an increase of \$4.7 million (17.7%) compared to November 2007. A significant transfer of liquor profits produced the November growth. Interest income was down for the month.

The REC estimate for FY 2009 other receipts revenue is \$374.2 million, a decrease of 1.7% compared to actual FY 2008. Year-to-date total other receipts have increased 4.6%.

Tax Refunds issued in November totaled \$31.1 million, an increase of \$4.8 million (18.3%) compared to November 2007. Beginning in August, 2008, School Infrastructure sales tax

payment adjustments are posted as tax refunds. For November, School Infrastructure refunds totaled \$28.8 million.

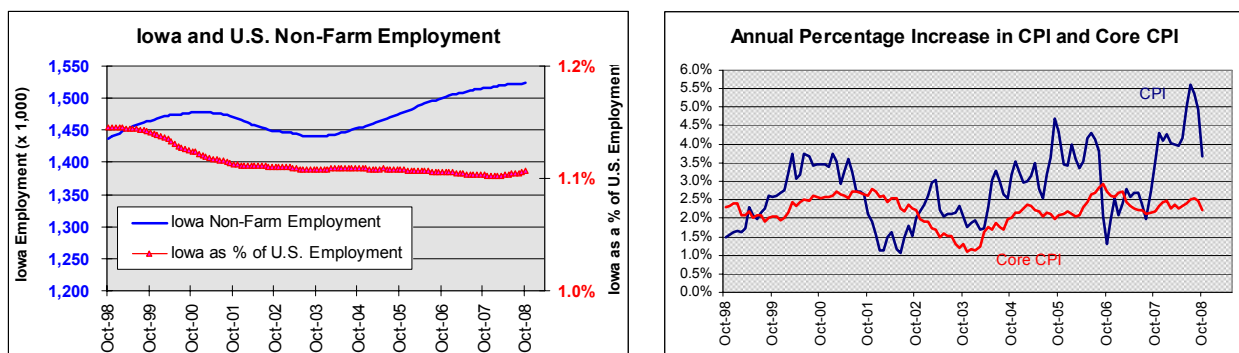
Year-to-date tax refunds issued total \$169.4 million, \$39.5 million (30.4%) above the amount through November of last year. School Infrastructure refunds totaled \$114.9 million through November.

Status of the Economy

Iowa non-farm employment was reported at 1,540,400 for the month of October (not seasonally adjusted), 5,900 higher (0.4%) than October 2007.

Iowa's 12-month average employment is presented in a graph below. The average non-farm employment pre-recession peak was February 2001 (1,478,700), and the recession low was September 2003 (1,439,900). The current 12-month average reading is now 1,523,600 so annualized Iowa non-farm employment is 44,900 above its 2001 peak and 83,700 above the 2003 low.

The chart below also presents Iowa non-farm employment as a percent of U.S. non-farm employment. Iowa's share of national non-farm employment decreased noticeably from 1998 through 2002. The percentage has increased slightly the past ten months and is now at its highest level since February 2006.



Consumer prices decreased 1.0% during October (not seasonally adjusted). The Consumer Price Index (CPI-U) through October 2008 was 216.6 (1983/84=100). After three consecutive months over 5.0%, annual inflation has now decreased for two months and the year-over-year change is now 3.7%. The overall inflation rate has generally increased since mid-2004, when the price of oil and other commodities started to rise significantly.

Core CPI, an inflation measure excluding food and energy prices, increased in October and stands at 2.2%, year-over-year. The core inflation rate declined considerably from the early 1990's through March 2004 but has not been below 2.0% since August 2004. For the two components excluded from the core rate, energy prices decreased 10.3% in October but currently stand at 11.5% in the year-over-year comparison and food prices are up 6.1% year-over-year, its highest rate since March, 1990.

Information related to State General Fund receipts is available on the Fiscal Services Division's web site at: <http://www.legis.state.ia.us/receipts/daily.html>

GENERAL FUND RECEIPTS - FY 2008 vs. FY 2009 July 1 through November 30 (in millions of dollars) Dollars may not add due to rounding. Percentages Calculated on Rounded Numbers					ESTIMATED GENERAL FUND RECEIPTS (in millions of dollars) FY 08 Actual Compared to FY 09 REC Estimate		
	FY 2008	FY 2009	Year to Date % Change	November % Change	Actual FY 2008	Estimate FY 2009	Projected % Change
Personal Income Tax	\$ 1,168.4	\$ 1,235.6	5.8%	11.7%	\$ 3,359.7	\$ 3,452.8	2.8%
Sales/Use Tax	874.2	1,028.7	17.7%	15.9%	2,000.2	2,458.5	22.9%
Corporate Income Tax	168.3	135.7	-19.4%	-42.9%	483.8	437.1	-9.7%
Inheritance Tax	31.6	36.6	15.8%	-27.2%	78.4	80.0	2.0%
Insurance Premium Tax	52.5	49.2	-6.3%	0.0%	111.7	114.5	2.5%
Cigarette Tax	99.8	98.0	-1.8%	-19.0%	229.5	224.0	-2.4%
Tobacco Tax	9.1	10.4	14.3%	-23.8%	21.2	22.1	4.2%
Beer Tax	6.5	6.7	3.1%	0.0%	14.5	14.6	0.7%
Franchise Tax	11.0	10.0	-9.1%	0.0%	37.6	32.2	-14.4%
Miscellaneous Tax	0.4	0.3	-25.0%	-50.0%	1.0	1.0	0.0%
Total Special Taxes	\$ 2,421.9	\$ 2,611.1	7.8%	8.8%	\$ 6,337.5	\$ 6,836.8	7.9%
Institutional Payments	6.0	5.7	-5.0%	-46.2%	14.9	13.4	-10.1%
Liquor Profits	25.9	34.1	31.7%	121.8%	72.4	74.6	3.0%
Interest	12.9	8.3	-35.7%	-46.8%	25.3	12.0	-52.6%
Fees	29.2	28.2	-3.4%	2.4%	82.1	72.1	-12.2%
Judicial Revenue	33.7	35.5	5.3%	7.1%	90.0	104.0	15.6%
Miscellaneous Receipts	13.7	18.0	31.4%	8.0%	36.1	38.1	5.5%
Racing and Gaming Receipts	60.0	60.0	0.0%	0.0%	60.0	60.0	0.0%
TOTAL GROSS RECEIPTS	\$ 2,603.5	\$ 2,800.9	7.6%	9.2%	\$ 6,718.3	\$ 7,211.0	7.3%
Accrued Revenue-Net					-24.0	14.9	
Tax Refunds *	-129.9	-169.4	30.4%	18.3%	-674.8	-731.0	8.3%
School Infrast. Refunds *	0.0	-114.9			0.0	-405.0	
TOTAL NET RECEIPTS	\$ 2,473.5	\$ 2,516.6	1.7%	3.8%	\$ 6,019.5	\$ 6,089.9	1.2%
* For FY 2008 and FY 2009 Year-to-Date, refunds are listed on a cash basis. For FY 2008 Actual and FY 2009 Estimate, refunds are listed on a fiscal year basis.							